Medi-Cal Asset Limit Elimination Increases Economic Security for Low-income Older Adults and People with Disabilities

Today, anyone can financially qualify for Medi-Cal based solely on their income—wages, retirement or disability benefits—because of asset limit elimination. This was not always the policy. Before July 2022, older adults and people with disabilities could only have $2,000 ($3,000/couple) in assets. These prior asset limits were overly restrictive, forcing older adults and people with disabilities to live in deep poverty to access essential care. These low limits, unchanged since 1989, applied exclusively to older adults and people with disabilities and placed them at significant risk of financial instability or homelessness when faced with a crisis such as an eviction, a leaking roof, or a major vehicle repair. These low limits also disproportionately harmed people of color who are more likely to have cash savings, instead of an exempt home, further exacerbating the racial wealth gap.

After extensive studies and in recognition of the unfair and punitive nature of asset limits[1], the California legislature eliminated the asset limit in the 2021-2022 budget. In July 2022, asset limits increased to $130,000 (plus $30,000 for each additional household member) and were fully eliminated in January 2024.[2] With asset limit elimination, applications and renewals are simplified for everyone.

This fact sheet describes the positive impacts that eliminating the asset limit has had on low-income older adults and people with disabilities, while dispelling misconceptions regarding this important change.

Eliminating the Asset Limit Made the Rules the Same for Everyone

When the Affordable Care Act passed and was implemented in California, it dramatically simplified the financial eligibility rules for most Medi-Cal programs, except for programs serving older adults and people with disabilities. Younger adults and children have not had to prove their assets since 2014. Disregarding assets for all Medi-Cal populations streamlines county eligibility determinations since all Medi-Cal enrollees are evaluated based on income, saving time and administrative costs.

Eliminating the Asset Limit Eliminated the Senior & Disability Cliff

The Medicaid expansion categories have no asset limits, but exclude adults over 65 or anyone with Medicare coverage. This means a person aged 64 has no limits on the amount of assets they can accrue, even if it is a modest amount like $5,000. Prior to asset limit elimination, this same person would lose eligibility when they turned 65 because of a more restrictive asset limit, despite their financial and health status remaining the same. This “senior cliff” was eliminated with asset limit elimination, ensuring low-income older adults and people with disabilities could maintain modest savings when they turned 65 or obtained Medicare coverage.

Eliminating the Asset Limit Made It Easier for Eligible People to Obtain Coverage

With asset limits, it is hard to get on and stay on Medi-Cal, as a person must gather recent bank account statements, have property evaluated, and prove what they own and in some cases what they don't own. People who qualify but cannot prove their assets at application or renewal, end up being denied or losing Medi-Cal despite being financially eligible. This leaves older adults and people with disabilities without access to personal care services, transportation to medical appointments, help with Medicare cost sharing, and home and community based services – all of which are not covered by Medicare or other health care programs.

In a 2020 study evaluating the impact of asset elimination, California found that people who were denied Medi-Cal coverage for failure to provide asset information ultimately gained eligibility.[3] Accordingly, the asset elimination facilitates enrollment into Medi-Cal for already eligible people and helps them maintain their eligibility from year to year.

Medi-Cal Income Limits Restrict Wealthy Californians from Enrolling in Medi-Cal

There is a misconception that the elimination of asset limits allows wealthy individuals to access Medi-Cal. This misconception disregards Medi-Cal's income limit, which is 138% of the federal poverty limit, or $1,801 a month. Research analyzing the financial resources of individuals show that people with limited incomes are not able to accrue significant assets.[4] California's enrollment data is consistent with this research. When the state raised the asset limit to $130,000 in 2022, 12,189 people became eligible, or approximately a 1% increase in enrollment of older adults and people with disabilities overall.[5]

With full asset elimination, there has been a higher than anticipated increase in enrollment among older adults and people with disabilities compared to what the state estimated in its original study.[6] This increase is likely due to a number of factors that require further study and data analysis to determine the drivers of the higher enrollment and inform a policy response, if warranted.

Conclusion

The asset limit increase and ultimate elimination has increased the economic security of low-income older adults and people with disabilities, created fairness in program rules, and reduced the administrative burden and costs for the state and counties in processing eligibility determinations.

Asset tests discourage people from saving money and make it difficult to manage unexpected expenses, leading to economic insecurity and homelessness. The median household income preceding homelessness is $960/month and nearly half of adults experiencing homelessness are 50 or older.[7] With increasing inflation and the cost of living eroding the fixed incomes older and disabled people depend on, asset elimination increases economic security and the ability to endure events like significant health crises, major vehicle or home repairs, or unemployment.

As California's Legislative Analyst's Office concluded, the asset test elimination is a powerful tool for helping low-income seniors access care.[8]

CASE EXAMPLES

An 80 year old woman living on $1,500/month from Social Security was disabled by a stroke and needed Medi-Cal coverage. She owns her modest home and had $30,000 in life savings. Under the old asset limit rules, she had to spend her lifesavings down to under $2,000 before she could qualify for Medi-Cal covered In-Home Supportive Services. But with only $2,000 she couldn't afford the property taxes, insurance, or maintenance on her home. Reintroducing an asset limit would put older adults like her at risk of institutionalization, simply for having modest life savings.

Before asset elimination, an older adult rural homeowner in Kern County, had his well dry up. He lived on just $1,400 per month and managed to save $10,000 to drill a new well for water, a basic necessity. This $10,000 put him over the asset limit at the time and his coverage was terminated, cutting off access to his In-Home Supportive Services. Today, older adults do not have to make decisions such as these—deciding between saving for necessary repairs to a house or vehicle or maintaining Medi-Cal.

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Endnotes

1 California Department of Health Care Services (DHCS), "Medi-Cal Asset Limits Supplemental Report," (Mar. 2020).

2 Assembly Bill 133, adding WIC § 14005.62 (July 27, 2021).

3 California Department of Health Care Services (DHCS), "Medi-Cal Asset Limits Supplemental Report," (Mar. 2020).

4 Cohen, M. & Tavares, J. "How Medicaid Financial Eligibility Rules Exclude Financially and Medically Vulnerable Older Adults," Journal of Aging & Social Policy Vol. 36, 2024.

5 California Department of Health Care Services (DHCS), "Asset Limit Changes for Non-MAGI Medi-Cal" (Data Set – Newly Eligible Population), last visited Apr. 28, 2025.

6 California Legislative Analyst's Office, "Understanding Recent Increases in the Medi-Cal Senior Caseload," (Mar. 6, 2025).

7 Kushel, M. & Moore, T, Toward a New Understanding, University of California, San Francisco (June 2023).

8 *Id*.